

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise Parker
City Controller

Date: August 26, 2005

Subject: July 31, 2005 Financial Report

Attached is the Monthly Financial and Operations Report for the period ending July 31, 2005.

GENERAL FUND – Fiscal Year 2005

We are projecting an Undesignated Fund Balance at fiscal year end June 30, 2005 of \$138 million. This represents an increase over fiscal year end June 30, 2004 of \$28 million. This does not include \$2.1 million in Sign Abatement Funds and \$20 million designated for the Rainy Day Fund. This is only a preliminary figure, which is subject to change until the annual audit is completed.

GENERAL FUND – Fiscal Year 2006

We currently project a shortfall \$16.9 million, or \$2.2 million less than the shortfall projected in our Trends Report. The change can be attributed to \$2.2 million in savings from a renegotiated contract with Republic Waste Services of Texas Limited. A \$1.1 million savings due to a lower than anticipated interest rate on our annual sale of Tax Revenue Anticipation Notes (TRANS) is offset by a \$1.1 million increase in Police expenditures.

ENTERPRISE FUNDS

We are currently projecting the Aviation Operating Fund and Convention and Entertainment Facilities Operating Fund at budget.

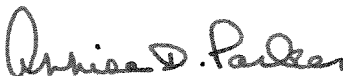
The Combined Utility System Fund shows an increase of \$6.8 million in income before transfers. The increase is due to new estimates for interest earnings for the fiscal year.

COMMERCIAL PAPER AND BONDS

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

General Obligation	18.1%
Combined Utility System	21.3%
Aviation	22.1%
Convention and Entertainment	27.4%

Respectfully submitted,



Annise D. Parker
City Controller